

# Budget

## 2005

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### Meeting Our Global Responsibilities

2005

February 23, 2005

Canada



### An Active Role in Global Affairs

As a nation of people from every part of the globe, Canadians have a keen sense of the world beyond their borders. They want their country to play an active and influential role in global affairs. That is why the Government made a commitment to strengthen Canada's contribution to peace, prosperity and security in the world.

### Budget 2005—Delivering on Commitments

Budget 2005 delivers on this commitment by providing the resources needed to meet our global responsibilities and to seize our global opportunities.

Specifically, this budget:

- 1 Increases international assistance by \$3.4 billion over the next five years, moving towards a doubling of its 2001–02 level by 2010–11.
- 2 Provides \$342 million to address the serious health issues afflicting Africa and over \$200 million in new debt relief for the world's poorest nations.
- 3 Introduces a new approach to managing international assistance so that money will go where it will do the most good.
- 4 Provides the largest increase in defence spending in 20 years—more than \$12.8 billion over the next five years.
- 5 Supports key national security initiatives through \$1 billion in additional funding.

### 1 Doubling International Assistance

Canada supports the United Nations Millennium Development Goals, an ambitious agenda to cut global poverty in half by 2015. In 2002–03, the Government began working toward its commitment to double international assistance by 2010–11.

Budget 2005 takes a significant step forward, providing an extra \$3.4 billion in international assistance over the next five years.

### 2 Increasing Support for Africa

Canada will strengthen its long-established support for Africa in its struggle to overcome the challenges of poverty and disease. By 2008–09, aid to Africa will double from its 2003–04 level. Budget 2005 also announces a number of initiatives designed to help Africa achieve greater health and prosperity.

### Increased Debt Relief

To continue Canada's long-standing support of international debt relief for the world's poorest nations, Budget 2005 allocates \$172 million from the International Assistance Envelope over the next five years to cover Canada's share of debt-service costs to the International Development Association of the World Bank and the African Development Fund.

Budget 2005 also provides an additional \$34 million in support of the Heavily Indebted Poor Countries Initiative, an international debt relief program that has provided significant benefits to poor, mostly African, nations.

### Global Health Funding

Budget 2005 strengthens Canada's leadership in responding to global health challenges by announcing \$342 million in additional funding to address the world's most serious communicable diseases—diseases that affect children most of all. This comprises:

- \$140 million for the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- \$160 million for the Global Alliance for Vaccines and Immunization.
- \$42 million for the Global Polio Eradication Initiative, with the goal of eradicating polio worldwide in 2005.

### 3 Better Management of Canada's International Assistance

In addition to increases in international assistance and investments in global health, Budget 2005 introduces a new approach to better administer Canada's international assistance by allocating it into five distinct pools:

- Development
- International financial institutions
- Peace and security
- Crisis
- Development research

This new system of international assistance will be more transparent, will provide for greater budget predictability, and will provide greater flexibility to respond to unforeseen events.



## 4 Strengthening National Defence

Budget 2005 introduces the largest increase in defence spending in 20 years, worth more than \$12.8 billion in cash terms over five years.

This substantial increase in funding, which goes far beyond commitments made last year, will allow National Defence to better meet increasingly complex international challenges.

Examples of recent challenges for the military in Canada and abroad include:

- Canada's efforts in the war on terrorism and in re-establishing peace and security in Afghanistan and Haiti.
- Vital engineering, medical and basic support and relief to tsunami victims in Sri Lanka.
- Responses to domestic emergencies and disasters, such as Hurricane Juan in Halifax and forest fires in British Columbia.

These recent missions and other contributions to international security have placed considerable demands on Canadian Forces personnel and resources. As the world changes, the role of the military must continue to change with it.

Over a five-year period, funding provided in Budget 2005 includes:

- \$3 billion to expand the Canadian Forces by 5,000 and the reserves by 3,000, delivering on the commitment in last year's Speech from the Throne.
- \$3.2 billion to strengthen military operations by improving training and operational readiness, enhancing military medical care, addressing critical supplies and repairs shortages, and repairing infrastructure.

- \$2.7 billion on a cash basis to acquire and operate new medium-capacity helicopters, trucks, utility aircraft and specialized facilities for Canada's elite anti-terrorism unit, JTF2.
- \$3.8 billion on a cash basis for further projects to support the objectives established for Canada's military in the upcoming International Policy Statement.

## 5 Reinforcing Canadian Security

Budget 2005 builds on the efforts of the past three budgets to address terrorist threats and improve the security of Canadians while ensuring the safe movement of people and goods across borders.

This budget provides an additional \$1 billion towards the implementation of the National Security Policy announced in April 2004. This funding will support investments in security at diplomatic missions abroad, emergency planning and response, transportation and border security, and Canada's efforts to combat organized crime.

### Air Travellers Security Charge

To fund the enhanced air travel security system, the Government established the Air Travellers Security Charge and pledged to review the charge to ensure revenue remains in line with costs over a five-year period.

Budget 2005 announces the third consecutive reduction to the charge since it was introduced.

The following reductions are proposed for tickets purchased on or after March 1, 2005:

- For air travel within Canada: to \$5 from \$6 for one-way travel and to \$10 from \$12 for round-trip travel.
- For transborder (i.e., Canada-U.S.) air travel: to \$8.50 from \$10.
- For other international travel: to \$17 from \$20.

### Marine Security

Building on past investments and the National Security Policy, Budget 2005 provides an additional \$222 million over five years to further enhance the security of the country's marine transportation system. Funding initiatives include new mid-shore patrol vessels for the Great Lakes and St. Lawrence Seaway, additional regulatory inspections, the creation of Emergency Response Teams for the Great Lakes and the St. Lawrence Seaway, and an increased police presence in ports.

### Border Security

Canada will take further steps to secure the Canada-U.S. border without impeding the legitimate flow of goods and people. Budget 2005 provides \$433 million over five years to further strengthen the capacity of the Government to deliver secure and efficient border services.

## International Policy Statement

As indicated in the Speech from the Throne, Canada will strengthen and better coordinate its international policy. Over the past year, the Government has engaged in the first review of international policy in over a decade. The International Policy Statement, which will be issued shortly, will focus on three international policy priorities:

- **Security:** Protecting Canadians in a world challenged by increasingly complex threats.
- **Prosperity:** Ensuring our competitiveness in North America and taking advantage of new opportunities abroad.
- **Global citizenship:** Reflecting Canadians' desire to make a difference in the world.

Subsequent budgets will build on the foundation provided by the International Policy Statement.

## How Can I Get More Information on Budget 2005?

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